



**State of Utah**  
Board of Pardons & Parole  
**POLICIES AND PROCEDURES**

**POLICY: 8.14 Agency Risk Assessment**

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**05.06.01 Purpose**

To establish an annual, agency-wide risk assessment process that includes identification of risk, prioritization of risk, and strategy to respond to risk.

**05.06.02 Policy**

On an annual basis, the Board of Pardons and Parole (Board) shall conduct an agency risk assessment to proactively identify and respond to potential risks.

**05.06.03 Procedure – Defining Types of Risk**

- A. Individual risks shall be categorized as strategic risks, operational risks, or hazard risks.
- B. **Strategic risks** are those risks associated with the Board's strategic decisions. These risks may include, but are not limited to, the following:
  - 1. Ethics or conflicts of interest;
  - 2. Strategic decisions that are unclear or poorly communicated;
  - 3. Introduction of new processes or services;
  - 4. Changes in senior management;
  - 5. Financial challenges; or

6. Potential challenges related to the Board's stakeholders.

C. **Operational risks** are associated with inadequate or failed internal processes, and often result from an absence or weakness in internal controls. These risks may include, but are not limited to, the following:

1. Weaknesses in governance and management oversight;
2. Unclear objectives or assigned accountability;
3. Misalignment of staff, processes, and technology;
4. Board staff error;
5. Board operational downtime or failures; or
6. Inadequate staff training.

D. **Hazard risks** include those risks that may occur and are typically external to the Board. These risks may include, but are not limited to, the following:

1. Damage to the Board's reputation or credibility;
2. Lack of compliance with laws, rules, or policies;
3. Information technology security or cybersecurity;
4. Human resource-related incidents such as workplace harassment or staff member discipline;
5. Fraud; or
6. External events such as natural disasters or pandemics.

#### **05.06.04 Procedure – Annual Agency Risk Assessment**

- A. During the month of April, on a yearly basis, Board leadership will identify, collect, and document potential risks to Board. This may include specific risks identified through the assessment process in prior years.
- B. From April 1<sup>st</sup> to April 30<sup>th</sup> of each year, Board leadership shall individually review the prior year's risk assessment to determine if identified risks remain while also listing new risks that may face the Board. Within a shared document, Board leadership shall:
  1. Identify potential risks and ensure a description of the risk identified is clear and includes information, where available, related to mitigation strategies in place or to be considered to



- respond to the risk;
  - 2. Establish an initial identification of the type of risk; and
  - 3. Include an estimate of the potential impact of any risk identified and the likelihood that it may occur.
- C. Prior to May 15<sup>th</sup> of each year, Board leadership shall:
- 1. Review items identified through the risk assessment process and select those that the Board will focus on over the coming year;
  - 2. Establish the final categorization of the type of risk; and
  - 3. Prioritize risks identified that have a higher likelihood of occurring along with potential serious impact to the Board's operations.
- D. Risks identified in prior years may be included in the new listing of individual risks.
- E. Individual annual risk assessments shall be preserved and available to Board staff.

**05.06.05 Procedure – Annual Risk Strategy**

- A. Based on the risks selected by Board leadership for focus in the coming year, an annual risk strategy shall be established to address each individual risk.
- B. The strategy to address risk shall include:
- 1. Information that clearly describes the risk, its potential impact on the Board, and the likelihood that it may occur.
  - 2. The scope of each strategy to ensure the identified work needed to address the risk is applicable and focused.
  - 3. Research or information to be gathered to better understand the identified risk and to identify potential responses to the identified risk.
  - 4. The anticipated response to the identified risk which may include:
    - a. elimination of the risk by choosing not to participate in programs or actions considered too risky;
    - b. reduction of the potential impact of the risk by implementing internal controls;
    - c. transfer the risk by contracting with a third party to

administer a program or activity; or

- d. retaining the risk and developing plans to address potential consequences.

#### **05.06.06 Procedure – Reporting and Information Retention**

- A. Based on the Board's annual risk strategy, a brief report shall be created during the month preceding the start of the next year's risk assessment. This report shall include:
  - 1. A clear overview of the actions taken over the previous year to respond to individually identified risks;
  - 2. An assessment of the status of identified risks, for example the risk remains, the risk has been mitigated, or the risk no longer exists;
  - 3. A recommendation related to the need to continue work to address a risk that remains likely and retains its potential impact on the Board; and
  - 4. A copy of the annual risk assessment used in the selection of the risks focused on in the prior year.
- B. The annual report generated for risks identified and work completed to respond to individual risks shall be retained by the Board for future review and reference.